

The complaint

Mr W complains that Vanquis Bank Limited was irresponsible in its lending to him.

Mr W is represented by a third party but for ease of reference I have referred to Mr W throughout this complaint.

What happened

Mr W was provided with a Vanquis credit card account in January 2021. The initial credit limit was £1,200 and this was increased on three occasions, with the final credit limit being £3,500.

Mr W said that adequate checks weren't carried out before the credit limit increase took place. He said this resulted in him facing significant challenges in meeting his financial obligations.

Vanquis issued a final response to Mr W's complaint dated 10 July 2024. It said that applications were assessed using credit scoring which assessed credit stability and ability to pay. It said that when Mr W applied for an account he confirmed he was a student with an annual income of £18,000. A credit check was undertaken which didn't show any county court judgements or defaults and recorded Mr W's non-mortgage lending as £300. It said that based on its checks the initial credit limit of £1,200 was affordable for Mr W.

Vanquis said that it regularly reviewed customers' accounts to assess eligibility for a credit limit increase. Mr W's limit was increased to £2,100 in May 2022, to £2,750 in September 2022 and to £3,500 in April 2023. It said that its checks carried out at the time of the limit increases were proportionate and didn't raise concerns about the affordability of the credit.

Mr W referred his complaint to this service.

Our investigator thought the checks carried out before the credit card account was opened and credit limit increases applied, were reasonable and proportionate. He didn't think the checks raised concerns that the credit would be unaffordable for Mr W. therefore he didn't uphold this complaint.

Mr W didn't agree with our investigator's view. He said that the credit limit increases were significant and applied in a short space of time which suggested a lack of consideration to the long-term affordability of the credit. He said that a review of his bank statements would have shown his spending on gambling which should have raised concerns. He didn't accept that reasonable checks were carried out before the lending was provided.

Our investigator responded to Mr W's comments but as his view didn't change, this case has been passed to me, an ombudsman, to issue a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr W was provided with a vanquish credit card account in January 2021. His credit limit was increased on three occasions. I have considered each of these lending decisions.

Account opening: January 2021

Before the account was opened, Vanquis gathered information about Mr W's employment status, income and his housing costs. Mr W declared that he was a student with an annual income of £18,000 and that he contributed £255 towards rent. A credit check was undertaken which didn't show any county court judgments or defaults. Mr W's credit check showed he had £1,320 of non-mortgage debt and there was no adverse information recorded in regard to his existing credit commitments.

Considering the size of the credit limit being provided and the repayments that would be required compared to Mr W's income, and noting that his credit check didn't suggest he was struggling financially, I find the checks carried out were proportionate. As these suggested a £1,200 credit limit was affordable for Mr W, I do not find I can say Vanquis was wrong to provide the account.

Credit limit increase 1: May 2022

Mr W's credit limit was increased from £1,200 to £2,100 in May 2022. Mr W had been using his account for around 16 months when this credit limit was offered, and so Vanquis had a reasonable amount of data available to it about how he was managing his account. In that time, Mr W had incurred one over limit charge (September 2021). As this was several months before the increase and Mr W had incurred no other charges, I find his overall account management didn't raise concerns.

The affordability data recorded Mr W as a student with a monthly income of £1,200. He was recorded as contributing to rent (£300). A credit check showed his total outstanding non-mortgage debt to be less than £300 and there was no adverse data recorded. Given Mr W's credit check didn't raise any concerns and his account management didn't suggest he was struggling financially (he was making payments above the minimum amount in the months leading up to the increase), I find the checks were proportionate.

Considering Mr W's income and recorded costs, and noting the amount that would be repayable for the increased credit limit, I do not find I can say that this should have been considered unaffordable.

Credit limit increase 2: September 2022

Mr W's credit limit was increased from £2,100 to £2,750 in September 2022. At this time Mr W was recorded as working full time with a monthly income of £1,775 and contributing £500 to rent. Mr W's account management raised no concerns, with no charges having been applied in the months leading up to the increase and Mr W was making payments above the

minimum amount required. A credit check was carried out which recorded no adverse data and Mr W's total non-mortgage balances had reduced to less than £200.

The results of the credit check raised no concerns that Mr W was struggling financially or that he was overindebted and he was managing his account without issues. Given this, I find the checks carried out were proportionate. As these suggested the new credit limit to be affordable for Mr W, I do not find I can say that Vanquis did anything wrong by providing this.

Credit limit increase 3: April 2023

Mr W's credit limit was increased from £2,750 to £3,500 in April 2023. This was over six months since the previous credit limit increase, although it did result in Mr W's credit limit being substantially higher than it was around a year before.

In the months leading up to the credit limit increase, Mr W was often utilising over 90% of his credit limit. However, he was keeping the balance within the limit and didn't incur any over limit or late payment charges and I don't find the spending on his account should have raised concerns. Mr W's total balances excluding mortgages had increased to around £4,000 and while I do not find that this had reached a level which meant no further credit should be provided, it was important to consider how Mr W was managing his commitments. Mr W had no adverse information recorded on his credit file so appeared to be managing his credit commitments without issues at the time. Taking everything into account, I think, on balance, the checks were still reasonable at this point.

As the checks didn't suggest the additional credit to be unaffordable for Mr W, I do not find I can say that Vanquis was wrong to provide this.

In conclusion, based on the evidence I have seen and the level of credit that was provided, I find the checks were reasonable. As these didn't suggest the leading to be unaffordable, I do not uphold this complaint.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 April 2025.

Jane Archer
Ombudsman